

# Puerto Rico (Commonwealth of) State Income Tax Information

**State Abbreviation:** PR  
**State Tax Withholding State Code:** RQ  
**Acceptable Exemption Form:** 499R  
**Basis For Withholding:** State Exemptions  
**Acceptable Exemption Data:** S, M, N, B, ►C◄, H / Number of Dependents / Allowance Based on Deductions / Personal Exemption  
**TSP Deferred:** Yes  
**Special Coding:** Determine the Total Number Of Allowances field as follows:

**First Position** – Enter the employee’s marital status as indicated in Section A, Personal Exemption, of the exemption certificate. Valid entries are:

Marital Status Code	Description
S	Single – Claiming “Complete” Personal Exemption or “None”
M	Married – Claiming “Complete” Personal Exemption
N	Married – Claiming “Half” Personal Exemption
B	Married/ Living with Spouse, Filing Separately – Claiming “Complete” Personal Exemption or “None”
►C◄	Married/ Living with Spouse, Filing Jointly – Claiming “Optional Computation of Tax”◄
H	Head of Household – Claiming “Complete” Personal Exemption or “None”

**Note:** If head of household is claimed, the dependents claimed (second and third digits) must be 01 or greater.

**Second and Third positions** – Enter the total number of dependents claimed in Section B, Credit for Dependents, of the exemption form.

Determine the Additional Exemptions Claimed field as follows:

**First and Second Positions** – If the employee indicated on the exemption form (Section C, Allowance Based on Deduction) that the automatic method is to be used, enter **00**. If the employee indicated the optional method, enter the number of allowances. If less than 10, precede with a zero.

Determine the Personal Exemptions Claimed field as follows:

Enter **0** (zero) in this field if the employee marked none in Section A, Personal Exemption, of the exemption form. Enter **1** if the employee marked “Complete” or “Half.”

**Note:** Only Marital Status Code N can claim “Half” personal exemption.

Determine the Public or Private Employee field as follows:

Enter **1** for private employees who do not contribute to a Government retirement system. Enter **2** for public employees who contribute to a Government retirement system.

**Additional Information:** The Puerto Rico tax formula has separate computations for residents and nonresidents.

### **Withholding Formula (Residents) ►(Effective Pay Period 13, 2008)◄**

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution (includes the biweekly TSP catch-up contribution) from the gross biweekly wages.
2. Subtract cost-of-living allowance (COLA) from the adjusted gross biweekly wages.
3. Multiply the adjusted gross biweekly wages times ►27◄ to obtain the annual wages.
4. Determine the allowance based on deductions amount by applying either the automatic or optional method.

#### ***Automatic Method***

##### **Private Employee**

- a. Apply the following table to determine

<b>If the Employee Is:</b>	<b>The Deduction Amount Is:</b>
Single	\$ 2,100
Married	3,150
►Married (Optional Computation of Tax)	1,575◄
Married (living w/spouse filing separately)	1,575
Head of Household	2,730

- b. After determining the deduction amount above, proceed to step 5.

##### **Public Employee**

- a. Apply the following table to determine

<b>If the Employee Is:</b>	<b>The Deduction Amount Is:</b>
Single	\$ 2,100
Married	3,150
►Married (Optional Computation of Tax)	1,575◄
Married (living w/spouse filing separately)	1,575
Head of Household	2,730

- b. Multiply the annual wages computed in step 3 by 8.275 percent and add to the result of step 4a; then proceed to step 5.

#### ***Optional Method***

Use the number of allowances entered in Section C (Allowance Based On Deduction) on the employee's Form 499R; then proceed to step 5.

5. Divide the result of step 4 by 500. Round to the nearest whole number to determine the number of allowances (Example: 4.50 rounds to 4; 4.51 rounds to 5).

6. Multiply the result of step 5 by 500.
7. Subtract the result of step 6 from the annual wages computed in step 3.
8. If personal exemptions are claimed in Section A (Personal Exemptions) on the employee's Form 499R, apply the following guideline and subtract from the result of step 7. Otherwise, proceed to step 9.

Single-S	Married-M (Complete Exemption)	Married-N (Half Exemption)	Married-B (Living with Spouse- Filing Separately - Complete Exemption)	Head of Household-H
\$1,300	\$3,000	\$1,500	\$1,500	\$3,000

9. Determine the dependent allowance by applying the following guideline and subtract from the result of step 7 or step 8, as applicable, to obtain the taxable income.

Dependent Allowance = ►\$2,500◄ x Number of Dependents

Or

►Dependent Allowance (Optional Computation of Tax) = \$1,250 x Number of Dependents◄

**Note:** Subtract one dependent if Head of Household is claimed.

10. Apply the taxable income computed in step 9 to the following table to determine the annual Puerto Rico income tax withholding amount.

#### Tax Withholding Table

**Single-S  
Married-M  
Head of Household-H**

If the Amount of Taxable Income Is:		The Amount of Puerto Rico Tax Withholding Should Be:		
Over:	But Not Over:			
\$ 0	\$ 17,000	7%	minus	\$ 0
17,000	30,000	14%	minus	1,190
30,000	50,000	25%	minus	4,490
50,000	and over	33%	minus	8,490

#### **Married-B (Living With Spouse – Filing Separately)**

If the Amount of Taxable Income Is:		The Amount of Puerto Rico Tax Withholding Should Be:		
Over:	But Not Over:			
\$ 0	\$ 8,500	7%	minus	\$ 0
8,500	15,000	14%	minus	595
15,000	25,000	25%	minus	2,245
25,000	and over	33%	minus	4,245

11. Divide the annual Puerto Rico income tax withholding by ►27◄ to obtain the biweekly Puerto Rico income tax withholding.

**Withholding Formula (Nonresidents) (Effective Pay Period 12, 2008)**

1. Subtract the biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract cost-of-living allowance (COLA) from the adjusted gross biweekly wages.
3. Multiply the adjusted gross biweekly wages times ►27◄ to obtain the annual wages.
4. Apply the annual wages to the following guidelines to compute the annual Puerto Rico income tax withholding amount.

**Compute the Commonwealth of  
Puerto Rico Income Tax Withholding  
For:**

U.S. Citizen

Non-U.S. Citizen

**By Multiplying the Gross Amount  
Wages By:**

20%

29%

5. Divide the annual Puerto Rico income tax withholding by ►27◄ to obtain the biweekly Puerto Rico income tax withholding.